

FINANCIAL POLICIES

Long-term financial policies are contained in state statute, the city charter provisions, city ordinances and administrative instructions. Five major policies are described by the various laws and instructions cited below. A final policy regarding the need to match nonrecurring revenue with nonrecurring appropriations is described but is not found in law or formal rule. Italics is added for emphasis and to direct the reader to the most relevant portion of the reference.

Balanced Budgets. The adopted budget is balanced and subsequent action will preserve the balance. Balance is defined as resources equal to or in excess of expenditures for each fiscal year.

STATE STATUTES:

6-6-6. Approved budgets; claims or warrants in excess of budget; liability.

"When any budget for a local public body has been approved and received by a local public body, it is binding upon all officials and governing authorities, and no governing authority or official shall allow or approve claims in excess thereof, and no official shall pay any check or warrant in excess thereof, and the allowances or claims or checks or warrants so allowed or paid shall be a liability against the officials so allowing or paying those claims or checks or warrants, and recovery for the excess amounts so allowed or paid may be had against the bondsmen of those officials."

BUDGET ORDINANCE PROVISIONS:

§ 2-11-7 Budget – Contents and Format.

"(C) The budget proposal shall not propose expenditures in excess of resources anticipated to be available to the city for the fiscal year for which the budget is proposed. If new programs are proposed, a detailed recommendation and justification of the program shall be provided which must include the estimated annual costs of the program and the source of revenues and other resources for financing the program. All new programs must be identified as such in the budget proposal."

§ 2-11-15 Budget Amendments by Council during Fiscal Year.

"Upon its own initiative or upon a recommendation by the Mayor, the Council may amend the budget during the fiscal year to which it applies. No amendment to the budget shall be made without a public hearing prior to the meeting at which action is taken on the proposed amendment. Amendments to the budget effect the pertinent fiscal year's Performance Plan, which effect shall be estimated by Administration staff and incorporated into the Plan. No amendment to the budget shall result in total authorized expenditures that exceed resources to be available for the fiscal year to which the budget is applicable."

ADMINISTRATIVE INSTRUCTIONS:

AI 2-20 Budgetary Control Responsibilities.

"City services will be delivered as efficiently as possible and well within the resources available. Service levels will be adjusted to reasonable expectations based on the revenues appropriated."

"Program Strategies are the level at which appropriations are made. It is at this level that managers must ultimately be responsible for controlling expenditures."

All employees with budgetary control over a Program Strategy must accomplish their tasks within the approved budget. All personnel decisions and all expense decisions must be made within that framework. It is unacceptable, for an employee with budgetary control to spend in excess of the appropriated budget."

City Goals and Objectives . City goals and objectives are established and integrated into the budget process.

active citizen participation, that is linked to the budget process, and that encourages performance measurement."

CHARTER PROVISIONS:

ARTICLE IV. Council.

Section 10. Council Duties.

"(b) *Establish and adopt by ordinance or resolution five-year goals and one-year objectives for the city, which goals and objectives shall be reviewed and revised annually by the Council;*"

"(d) Review, approve or amend and *approve all budgets of the city and adopt policies, plans, programs and legislation consistent with the goals and objectives established by the Council;*"

ARTICLE V. Mayor.

Section 4 Duties of the Mayor.

"(f) *Formulate the budgets of the city consistent with the city's goals and objectives, as provided in this Charter;*"

ARTICLE VII. The Annual Operating Budget.

Section 1. Mayor to Formulate.

"The annual operating budget of the city should be formulated by the Mayor, in consultation with the Council and *consistent with the goals and objectives of the city, as provided in this Charter and by city ordinance.*"

BUDGET ORDINANCE PROVISIONS:

§ 2-11-1 Intent.

"(B) To implement these City Charter provisions, §§ 2-11-1 et seq. *a process for adopting goals and objectives which will be valuable in themselves and also will be major factors in determining funding for City programs and improvements in the operating budget and the capital improvements budget.*"

"(C) To *adopt a goals and objectives process that encourages*

Council Participation. Council participates in the development of the Mayor's proposed budget.

CHARTER PROVISIONS:

ARTICLE VII. The Annual Operating Budget.

Section 2. Council Representative to Participate.

"A representative of the *Council shall be allowed to participate in all meetings and have access to all information relating to the formulation of the budget.*"

BUDGET ORDINANCE PROVISIONS:

§ 2-11-6 Preparation of City Budget; Departmental Requests; Budget Proposal.

'(B) Each year, between the first day of December and the first City Council meeting in January, the Mayor, or his appointed representative, *shall hold a series of meetings, not less than two in number, with the City Council to discuss the preparation of the budget for the next fiscal year.*"

"(C) During the preparation of the proposed City Budget by the Mayor, he *shall furnish any requested information on departmental requests to the staff of the City Council and shall cooperate with City Council staff so that it may monitor the budget process and prepare preliminary analyses and other information for the City Council.*"

Public Participation. The public reviews and has an opportunity to comment on the proposed budget

CHARTER PROVISIONS:

Section 4. Public Hearings.

"During the sixty days of deliberation by the Council, *the Council shall hold at least three public hearings on the proposed budget.* The Mayor, or the Mayor's representative, shall be present at the hearings on the proposed budget to answer questions about the budget."

BUDGET ORDINANCE PROVISIONS:

§ 2-11-5 Participation of the Council in Public Presentations on Budget Related Matters.

"The public shall be encouraged to participate in the city budget review and adoption process. The Council and the Mayor are encouraged to discuss budget and budget-related policy issues at community forums. Whenever the Mayor expends public funds to inform the public about his proposed budget or budget-related programs, the Council shall be invited to participate in such forum. The Mayor shall extend the invitation to the City Council through the President of the Council.
(Ord. 35-1994)

§ 2-11-10 Consideration of Budget Proposal by the Council.

(A) After receiving the budget proposal from the Mayor *the Council shall schedule at least three public hearings* on it. As a result of its deliberations and the information gathered at the public hearings, the Council may amend the budget proposal at any time within 60 days from the date it is received from the Mayor. If the Council fails to approve a budget proposal, unamended or amended, within that time limit, the budget proposal as submitted by the Mayor is deemed approved.

Protection of Reserves. The City of Albuquerque actively manages appropriations and reserves with intra-year reductions if there are indications of revenue shortfalls. Department and program expenditures are reported quarterly to assure spending remains within appropriated levels. Adequate general fund reserves shall be held equal to 8.33% of budgeted expenditures, and maintained if the budget is amended.

BUDGET ORDINANCE PROVISIONS:

§ 2-11-18 Financial and Management Reports.

(A) *The Mayor shall submit on a quarterly basis summary financial and management status reports of all operating funds* to the City Council. These reports shall include:

(1) Current annual revenue estimates for each fund;

(2) Brief analysis explaining revenue trends for each fund;

(3) A midyear programmatic review of each program and department and the progress made year- to-date in achieving its goals and objectives.

(B) The Office of Internal Audit and Investigations shall submit on *a quarterly basis summary financial status reports of all operating funds* to the City Council, identifying funds, departments, and program strategies that are projected to exceed or underspend their appropriated budgets for that fiscal year by \$100,000 or five percent of the line item authority whichever is lower. This report shall include explanations provided by the Chief Administrative Officer identifying the cause of the over- or underspending and setting forth a plan to bring each item back into compliance with the adopted budget.

§ 2-11-20 Budget Modifications in Fiscal Year Outside Adoption of Annual Budget.

(A) The Mayor shall be responsible for identifying and proposing expenditure reductions or revenue enhancements to the operating budget of the city when it is determined, in the period between adoption of the annual operating budget [i.e., the fiscal year], that city revenues are not expected to equal city expenditures.

ADMINISTRATIVE INSTRUCTIONS:

AI 2-13-1A (Revised) Establishing a General Fund Reserve for The City of Albuquerque

"To protect the City from shortfalls in revenues due to changes in the economy and unanticipated fiscal needs or emergencies, it is prudent to *establish a reserve in the general fund of the City equal to one-twelfth (1/12 or 8.333%) of the budgeted expenditures for each fiscal year.* The general fund reserve shall not be available for appropriation."

"The reserve reflected in the approved general fund budget for each fiscal year *shall be adjusted when total General Fund appropriations are increased or*

decreased by 1% or more. If total adjustments to General Fund appropriations are less than 1%, the fund balance may be modified at the discretion of the administration to reflect the change in appropriations."

Nonrecurring Revenue. Nonrecurring revenue should not be used to support recurring expenditure. Nonrecurring revenue produced from a one-time event, such as a change in reserve policy. Nonrecurring expenditures include studies, capital projects, capital outlay, computer equipment, buildings, land and one-time expenditures to pay off a loan, prior year litigation expenses or other similar expenses.

THE LONG TERM VIEW: CITY OF ALBUQUERQUE FIVE-YEAR GOALS

The five-year goals are of priority importance to the welfare of the City. The goals address improving the physical characteristics of City, guiding the City's growth and meeting human needs. The Albuquerque Progress Report and the City/County Comprehensive Plan are guiding documents for developing the goals. The Mayor and City Council collaborate to establish the goals.

Each goal is a statement that summarizes a set of related results or outcomes as defined by desired community or customer conditions. A goal can be a description of what Albuquerque would be like if the goal were achieved. Goals are achievable and lend themselves to measurement; they are broad but not vague. Goal measurement is based on tracking the changes in specific desired conditions.

Pursuant to the City's budget ordinance, the goal setting process was conducted in 2002. In June 2002, at the second Goals Forum, citizens developed a vision for our community and identified Albuquerque's desired future. The Indicators Progress Commission (IPC) met throughout the summer of 2002 with citizen volunteers from the Goals Forum to draft proposed five-year goals and desired community conditions. These recommendations were substantially adopted in Enactment Number 133-2002. The IPC produced the Albuquerque Progress Report 2004, based upon these goals. The progress report helps us understand the progress we are making toward what Citizens told the City they want Albuquerque to be like. The goals serve as the basis of the FY/06 Finance and Performance Plans that together form the budget.

Adopted 2002 Vision Statement, Five Year Goals, and Desired Community Conditions

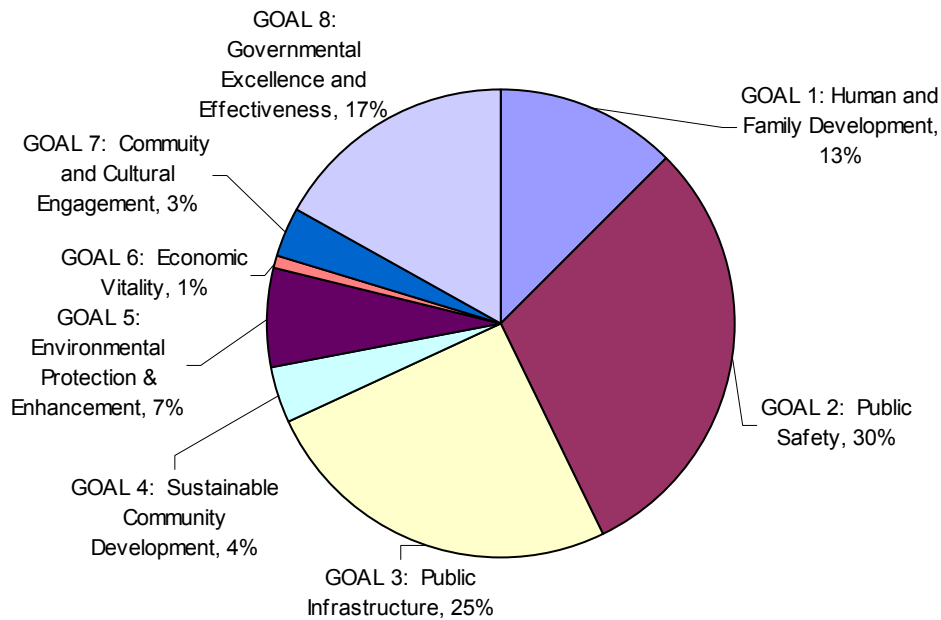
Vision Statement:

Albuquerque is a thriving high desert community of distinctive cultures coming together to create a sustainable future.

GOAL AREA GOAL STATEMENT	DESIRED COMMUNITY or CUSTOMER CONDITIONS
<p>Human and Family Development</p> <p><i>People of all ages have the opportunity to participate in the community and economy and are well sheltered, safe, healthy, and educated.</i></p>	<ol style="list-style-type: none"> 1. Residents are literate and educated and engaged in the educational processes. 2. All levels of government, educational institutions, and the community collaborate to ensure that youth achieve desired educational outcomes. 3. Residents are healthy and have access to health care, mental health care, and recreation. 4. Safe, decent and affordable housing is available. 5. The community collaborates to support the responsible social development of youth. 6. Families are healthy and stable. 7. Senior citizens live and function in optimal environments.
<p>Public Safety</p> <p><i>Citizens are safe, feel safe and secure, and have trust and shared responsibility for maintaining a safe environment.</i></p>	<ol style="list-style-type: none"> 1. Residents feel safe in their neighborhoods, schools, and the community. 2. Residents are safe from crimes against persons and property. 3. Drivers, cyclists, and pedestrians operate knowledgeably, safely, and courteously, so that travel on city streets is safe. 4. Residents, including youth, and public safety agencies work together to prevent crime and respond to life safety issues in order to create a safe community. 5. Domestic animals are responsibly cared for and provided safe and healthy home environments. 6. The community is prepared to respond to emergencies, natural disasters, catastrophic acts and other events that threaten the health and safety of the public.
<p>Public Infrastructure</p> <p><i>Ensure that all existing communities are adequately and efficiently served with well planned, coordinated, and maintained sewer, storm, water and road systems and an integrated multi-modal regional transportation system. Ensure that new development is efficiently integrated into existing infrastructures and that the costs are balanced with the revenues generated.</i></p>	<ol style="list-style-type: none"> 1. A reliable water system meets health and safety standards 2. Wastewater systems meet quality standards. 3. The storm water systems protect lives and property. 4. Technological infrastructure, is accessible to all. 5. Residents have safe and affordable transportation options that meet the public's needs. 6. The street system is well designed and maintained.
<p>Sustainable Community Development</p> <p><i>Guide growth to protect the environment and the community's economic vitality and create a variety of livable, sustainable communities throughout Albuquerque.</i></p>	<ol style="list-style-type: none"> 1. Parks, open space, recreation facilities, and public trails are available, accessible, and strategically located, designed and maintained. 2. Neighborhoods with civic and commercial destinations within walking distance are an available choice. 3. Medium to high-density neighborhoods that contribute to a more compact urban form are an available choice. 4. The downtown area is vital, active, safe, and accessible.
<p>Environmental Protection and Enhancement</p> <p><i>Protect and enhance Albuquerque's places and natural environment — its mountains, river, Bosque, volcanoes, arroyos, clean air and underground water supply.</i></p>	<ol style="list-style-type: none"> 1. Air, land, and water systems protect health and safety. 2. Water resources are sustainably managed, conserved & protected to provide a long term supply & drought reserve. 3. Solid wastes are produced no faster than natural systems and technology can process them. 4. Open Space, Bosque, the River and Mountains are preserved and protected. 5. Residents participate in caring for the environment and conserving natural resources.

<p style="text-align: center;">Economic Vitality</p> <p><i>Achieve a vital, diverse, and sustainable economy in which businesses and residents have opportunities for success.</i></p>	<ol style="list-style-type: none"> 1. The economy is diverse and broad-based. 2. The economy is vital, prosperous and consistent with local and regional resources. 3. There are abundant, competitive career oriented employment opportunities.
<p style="text-align: center;">Community and Cultural Engagement</p> <p><i>Residents are fully and effectively engaged in the life and decisions of the community to:</i></p> <ul style="list-style-type: none"> • promote and enhance our pride, cultural values and resources; and, • ensure that Albuquerque's community institutions are effective, accountable and responsive. 	<ol style="list-style-type: none"> 1. Residents are active participants in civic and public affairs. 2. Residents participate in community organizations and sporting and cultural events. 3. Residents are well informed of current community conditions. 4. Residents appreciate, foster, and respect Albuquerque's arts and cultures.
<p style="text-align: center;">Governmental Excellence and Effectiveness</p> <p><i>Government is ethical and accountable; every element of government contributes effectively to meeting public needs.</i></p>	<p>ELECTED AND APPOINTED OFFICIALS</p> <ol style="list-style-type: none"> 1. Leaders work together for the good of the community. 2. Leaders cooperate and coordinate with the other governments in the MRCOG region. 3. Government and its leaders are responsive to changing community and customer conditions. <p>ALL LEVELS OF GOVERNMENT</p> <ol style="list-style-type: none"> 4. Customers conveniently access city services and officials. 5. Customers can participate in their government by accessing information about services, policies, community conditions, regulations, etc. <p>INTERNAL SERVICES</p> <ol style="list-style-type: none"> 6. Financial assets are maximized and protected, and analyzed and reported accurately, understandably, and usefully. 7. City assets are protected while responding fairly to inappropriate City actions. 8. Products, services, and materials are obtained efficiently, fairly, and in a timely manner. 9. City services, operations, and finances are measured and audited, as needed, and meet customer needs. 10. Competent, well-trained motivated employees contribute to the achievement of City goals and objectives. 11. The work environment for employees is healthy, safe and productive. 12. City staff is empowered with information and have information processing capacity. 13. Rights of way are obtained and managed and their use maximized for the public's benefit with fair compensation for use. 14. City real property is effectively obtained and managed in the public's interests, & disposed of when public purpose has changed. 15. City fixed assets, property, and infrastructure meet City goals and objectives.

FY/06 APPROVED BUDGET



OBJECTIVES: SHORT-TERM INITIATIVES GUIDING THE DEVELOPMENT OF THE ANNUAL BUDGET

The objectives are tied to the goals process and prescribed in the budget ordinance and City Charter. They are the specific steps taken by the City for achieving goals. For the most part, objectives are tangible products rather than the activities that produce the products. Objectives are the results of explicit strategies to achieve the goals. An objective describes in specific and measurable terms the results a program is expected to achieve toward a certain goal. Each objective is believed to be attainable within a fiscal year or two consecutive fiscal years.

Objectives are cooperatively developed with the City Council and Mayor providing input to the objectives initially proposed by City departments. The objectives are contained in an annual resolution passed by the City Council and signed by the Mayor. A list of all approved objectives for FY/06 by goal, is located in the Resolution section of this document. Objectives that require funding are reflected in the adopted issue papers in the FY/06 budget. Once adopted, progress is reported at mid-year and year-end. The budget ordinance guides this process.

BUDGET ORDINANCE PROVISIONS:

§ 2-11-3 Process and Sequence for Establishing Goals and Objectives.

“(D) Process to determine one-year objectives. The purpose of this phase is to establish measurable objectives to carry out the five-year goals by integrating such objectives into the annual City budget.

(1) The City Council and the Mayor shall develop annual objectives consistent with the five-year goals. These objectives may have up to a two year implementation cycle. New objectives will be contained in a biennial new priority objectives resolution beginning for Fiscal Year 2003. Regarding the resolution for Fiscal Year 2004 and biennially thereafter, objectives will be updated based on progress made in the first year and contained in a revised priority objectives resolution.

(2) The City Council shall hold at least one public hearing, meeting as the Committee of the Whole, at which the public can propose objectives and comment on proposed or revised objectives respectively for the coming year.

(3) The City Council shall annually adopt or revise and adopt objectives aimed to accomplish each of the goals and objectives to be reflected in the operating and capital budgets of the city.”